

# COUNTY OF LOS ANGELES

MARVIN J. SOUTHARD, D.S.W.  
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SUSAN KERR  
*Chief Deputy Director*

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*Medical Director*



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## DEPARTMENT OF MENTAL HEALTH

<http://dmh.co.la.ca.us>

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

Reply To: (213) 738-4601  
Fax No.: (213) 386-1297

June 17, 2004

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF AMENDMENT TO AN EXISTING  
DEPARTMENT OF MENTAL HEALTH LEGAL ENTITY AGREEMENT  
WITH PROTOTYPES FOR FISCAL YEAR 2003-2004  
(SUPERVISORIAL DISTRICT 5)  
(3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Approve and instruct the Director of Mental Health or his designee to prepare, sign, and execute Amendment No. 6 (substantially similar to the Attachment), to the Department of Mental Health (DMH) Legal Entity (LE) Agreement Contract No. DMH-01536 with Prototypes for Fiscal Year (FY) 2003-2004 for the provision of outpatient mental health services to seriously emotionally disturbed (SED) children, adolescents, and their families. The Amendment to increase the Maximum Contract Amount (MCA) by \$415,880, from \$1,565,720 to \$1,981,600, for FY 2003-2004 will be fully funded by \$154,071 of County General Funds (CGF), \$35,334 of General Relief Opportunities for Work (GROW) and \$125,000 of California Work Opportunities and Responsibilities to Kids (CalWORKs) funds redirected from Tri-City Mental Health Center (Tri-City MHC) LE Agreement No. DMH-01487, and \$101,475 of Federal Financial Participation (FFP) redirected from within DMH's existing FY 2003-2004 budget.
2. Delegate authority to the Director of Mental Health or his designee to prepare, sign, and execute future amendments to the DMH LE Agreement and establish as a new MCA the aggregate of each original Agreement and all amendments, provided that: 1) the County's total payments to contractor under each Agreement for each fiscal year shall not exceed an increase of 20 percent from the applicable revised MCA; 2) any such increase shall be used to provide



additional services or to reflect program and/or policy changes; 3) the Board of Supervisors has appropriated sufficient funds for all changes; 4) approval of County Counsel and the Chief Administrative Officer or their designees is obtained prior to any such Amendment; 5) the parties may by written Amendment mutually agree to reduce programs or services without reference to the 20 percent limitation; and 6) the Director of Mental Health shall notify the Board of Supervisors of Agreement changes within 30 days after execution of each Amendment.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS**

On February 12, 2004, Tri-City MHC notified DMH that it was filing for Chapter 9 bankruptcy protection. In response to this filing, the Director of Mental Health issued a letter on March 23, 2004, advising the Board of Supervisors that DMH was terminating its LE Agreement with Tri-City MHC effective March 5, 2004.

Tri-City MHC is continuing to provide services to mental health consumers who reside in the cities of Pomona, La Verne, and Claremont under its contractual Agreement with the State of California Department of Mental Health (SDMH). DMH assumed responsibility for programs and services to Los Angeles County consumers that reside outside of those three cities. On March 2, 2004, DMH submitted a transition plan to the Board outlining the steps that DMH would take to maintain services. The plan included the redistribution of Tri-City MHC funds to DMH providers who had the capacity to quickly expand services to those impacted consumers. The redistribution plan that was developed by DMH is supported by DMH contractors in Mental Health Service Area (MHSA) 3 and reflects the funding level that is needed to maintain services. DMH will move forward to amend those mental health contractors' agreements, including Prototypes, to allow for reimbursement of services they have provided and will continue to provide in the future.

At this time, Board approval is being requested to amend the Agreement with Prototypes as the recommended increase of \$415,880 to the MCA is not within DMH's delegated authority. This amount of \$415,880 will increase the MCA from \$1,565,720 to \$1,981,600.

### **Implementation of Strategic Plan Goals**

The recommended Board actions are consistent with the principles of the County's Programmatic Goal No. 5, "Children and Families' Well-Being," for the provision of outpatient mental health services to SED children, adolescents, and their families.

Board approval will ensure the continuation of the mental health services delivery system in MHSA 3.

### **FISCAL IMPACT/FINANCING**

There is no increase in net County cost. The increase of \$415,880 in the MCA, from \$1,565,720 to \$1,981,600, will be fully funded with funds redirected from Tri-City MHC's former LE Agreement No. DMH-01487 consisting of \$154,071 in CGF, \$35,334 in GROW, \$125,000 in CalWORKs, and \$101,475 in FFP funds redirected from within DMH's existing FY 2003-2004 budget.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

On February 12, 2004, Tri-City MHC filed for Chapter 9 bankruptcy protection, and DMH proceeded to officially terminate its contractual obligations with Tri-City MHC effective March 5, 2004. The treatment components offered by the agency under the DMH contract included basic outpatient services, such as day treatment, therapeutic behavioral services, substance abuse services, school-based services, and CalWORKs services.

DMH is required by SDMH to provide mental health services to individuals who meet medical necessity criteria as defined by SDMH and who are eligible for Medi-Cal benefits. Tri-City MHC's impacted consumers meet the SDMH requirements and DMH must render appropriate treatment services. To ensure the State mandate was maintained and to promote a seamless transition, DMH established a temporary mental health clinic on site at Tri-City MHC's Garey facility. Case management, crisis intervention, assessment and medication services were available to children, adolescents, adults, and older adults who had scheduled medication appointments and who were experiencing a crisis, or who walked in requesting services. Through an existing DMH contract with Locum Tenens (temporary) physician service, a psychiatrist was available to provide medication services. The temporary clinic remained operational until consumers were successfully linked to an appropriate mental health center within or near their city of residence.

Another component of the transition plan, consistent with the SDMH mandate to provide appropriate treatment services, included the review of the medical records. The impacted consumers were referred and linked to appropriate mental health providers including Prototypes based on their individualized needs and their city of residence. Copies of their medical records were transferred to the receiving providers to assist them with maintaining continuity of care. Impacted consumers were notified of their new provider and were allowed to transfer to a provider of their choice within the DMH

network. The transition of impacted consumers from Tri-City MHC to existing mental health providers was completed by March 18, 2004.

Prototypes, located at 2555 E. Colorado Boulevard, Suite 100, Pasadena, California 91107, MHSA 3, is a nonprofit public benefit corporation that was founded in 1986. The purpose of the organization is the promotion of the health and psychological well-being of individuals and families through health, mental health and substance abuse services. In addition, it is the goal of Prototypes to enhance the effectiveness of other social service and health agencies through the provision of training and consultation.

The mission of the organization is to meet emerging community needs through the development of innovative models of service delivery, as well as testing, refining, and disseminating those models. The agency's services began in 1986 with the development of the Training and Consultation Division. Training in mental health, substance abuse, AIDS, and dual diagnosis was provided to community-based organizations throughout the county.

At this time, Board approval is being requested to amend the Agreement with Prototypes as the recommended increase of \$415,880 to the MCA is not within DMH's delegated authority.

The Amendment format has been approved as to form by County Counsel. The proposed actions have been reviewed by the Chief Administrative Office and DMH's Fiscal and Program Administrations.

### **CONTRACTING PROCESS:**

DMH invited MHSA 3 providers to attend an informational meeting on February 27, 2004, to identify providers who were interested in providing services to the impacted Tri-City MHC consumers and to discuss the transition plan. DMH providers interested in providing services were instructed to complete and return a survey. The criteria used to select the providers included: demonstrating the ability to quickly expand services; having extensive experience in serving special populations, (i.e., AB3632, Children's System of Care, CalWORKs and Assertive Community Treatment); possessing multiple language capacities and providing services in or near the community in which the consumers reside. The providers also had to meet DMH's financial viability requirements and be in good standing.

Prototypes was one provider selected to participate in the Tri-City MHC redistribution plan. Like other selected providers, the dollars allocated to Prototypes were determined

based on the number of consumers referred to it, its staffing needs, as well as its administrative and indirect costs.

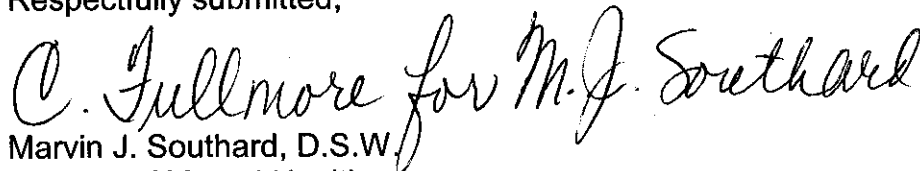
**IMPACT ON CURRENT SERVICES**

Under the DMH plan, there will be a smooth transition with Tri-City MHC clients being able to continue to receive services. It is anticipated that service levels and quality will be maintained so that there will be no negative impact on current services.

**CONCLUSION**

The Department of Mental Health will need one (1) copy of the adopted Board's action. It is requested that the Executive Officer of the Board notifies the Department of Mental Health's Contracts Development and Administration Division at (213) 738-4684 when this document is available.

Respectfully submitted,

  
Marvin J. Southard, D.S.W.  
Director of Mental Health

MJS:MY:RK:CK:ea

Attachment

c: Chief Administrative Officer  
County Counsel  
Chairperson, Mental Health Commission

## ATTACHMENT

CONTRACT NO. \_\_\_\_\_

AMENDMENT NO. \_\_\_\_\_

THIS AMENDMENT is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2004, by and between the COUNTY OF LOS ANGELES (hereafter "County") and \_\_\_\_\_ hereafter "Contractor").

WHEREAS, County and Contractor have entered into a written Agreement, dated \_\_\_\_\_, identified as County Agreement No. \_\_\_\_\_, and any subsequent amendments (hereafter collectively "Agreement"); and

WHEREAS, for Fiscal Year 2003-2004 only, County and Contractor intend to amend Agreement only as described hereunder; and

WHEREAS, for Fiscal Year 2003-2004, County and Contractor intend to amend Agreement to enhance mental health services through the reallocations of these funding sources: County General Funds (CGF), Federal Financial Participation (FFP) funds, General Relief Opportunities For Work (GROW) funds and California Work Opportunities and Responsibilities to Kids Act (CalWORKs) funds; and

WHEREAS, for Fiscal Year 2003-2004, County and Contractor intend to add CGF in the amount of \$ \_\_\_\_\_ to the Maximum Contract Amount; and

WHEREAS, for Fiscal Year 2003-2004, County and Contractor intend to add FFP funds in the amount of \$ \_\_\_\_\_ to the Maximum Contract Amount; and

WHEREAS, for Fiscal Year 2003-2004, County and Contractor intend to add GROW funds in the amount of \$ \_\_\_\_\_ to the Maximum Contract Amount; and

WHEREAS, for Fiscal Year 2003-2004, County and Contractor intend to add CalWORKs funds in the amount of \$ \_\_\_\_\_ to the Maximum Contract Amount to fund mental health supportive services to CalWORKs recipients.

NOW, THEREFORE, County and Contractor agree that Agreement shall be amended only as follows:

1. Paragraph 4 (FINANCIAL PROVISIONS), Subparagraph B (Reimbursement for Initial Period), shall be deleted in its entirety and the following substituted therefore:

"B. Reimbursement For Initial Period: The Maximum Contract Amount for the Initial Period of this Agreement as described in Paragraph 1 (TERM) shall not exceed \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_) and shall consist of County, State, and/or Federal funds as shown on the Financial Summary. This Maximum Contract Amount includes Cash Flow Advance which is repayable through cash and/or appropriate SFC units and/or actual and allowable costs as authorized by other provisions of this Agreement. Notwithstanding any other provision of this Agreement, in no event shall County pay Contractor more than this Maximum Contract Amount for Contractor's performance hereunder during the Initial Period. Furthermore, Contractor shall inform County when up to seventy-five percent (75%) of the Maximum Contract Amount has been incurred. Contractor shall send such

notice to those persons and addresses which are set forth in Paragraph 57 (NOTICES)."

1. Financial Summary - \_\_\_\_ for Fiscal Year 2003-2004 shall be deleted in its entirety and replaced with Financial Summary - \_\_\_\_ for Fiscal Year 2003-2004, attached hereto and incorporated herein by reference. All references in Agreement to Financial Summary - \_\_\_\_ for Fiscal Year 2003-2004 shall be deemed amended to state "Financial Summary - \_\_\_\_ for Fiscal Year 2003-2004."

2. Contractor shall provide services in accordance with the Contractor's Fiscal Year 2003 - 2004 Negotiation Package for this Agreement and any addenda thereto approved in writing by Director.

3. Except as provided in this Amendment, all other terms and conditions of the Agreement shall remain in full force and effect.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by County's Director of Mental Health or his designee, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

APPROVED AS TO FORM  
OFFICE OF THE COUNTY COUNSEL

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Principal Deputy County Counsel

By \_\_\_\_\_  
MARVIN J. SOUTHARD, D.S.W.  
Director of Mental Health

\_\_\_\_\_  
CONTRACTOR

By \_\_\_\_\_

Name \_\_\_\_\_

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO CONTRACT  
ADMINISTRATION:

DEPARTMENT OF MENTAL HEALTH

By \_\_\_\_\_  
Chief, Contracts Development  
and Administration Division